

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

----- X

In re ) Chapter 11  
CARITAS HEALTH CARE, INC., *et al.* )  
Debtors. ) Case Nos. 09-40901 (CEC)  
            ) through 09-40909 (CEC)  
            ) Jointly Administered

----- X

**STATEMENT OF THE DORMITORY AUTHORITY OF THE STATE OF  
NEW YORK WITH RESPECT TO THE MOTION OF DEBTORS FOR  
ORDERS: (I) APPROVING PROCEDURES FOR AN AUCTION  
RESPECTING SALES OF THE DEBTORS' REAL PROPERTY AND BID  
PROTECTIONS IN CONNECTION THEREWITH AND, (II) SUBSEQUENT  
TO ANY SUCH AUCTION, AUTHORIZING SUCH SALES FREE AND  
CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS**

The Dormitory Authority of the State of New York (the “Authority”) submits this Statement with respect to the Motion (the “Sale Motion”) of the above-captioned debtors (the “Debtors”) for Orders: (I) Approving Procedures for an Auction Respecting Sales of the Debtors’ Real Property and Bid Protections in Connection Therewith and, (II) Subsequent to any such Auction, Authorizing Such Sales Free and Clear of Liens, Claims, Encumbrances and Interests dated August 28, 2009 [Docket No. 366], and respectfully states as follows:

1. The Authority is a postpetition and prepetition secured lender and the largest unsecured creditor of the Debtors, with approximately \$62.5 million in secured and unsecured claims.

2. On August 28, 2009 the Debtors filed the Sale Motion, and on September 15, 2009, the Court entered the Order approving the Sale Motion [Docket No. 375].

3. On October 16, 2009, the Debtors held an auction (the “Auction”) for the Real Estate (as defined in the Sale Motion) and the Debtors determined that Joshua Guttman (“Guttman”) was the successful top bidder.

4. On October 22, 2009 the Court conducted a hearing (the “Hearing”) and approved the sale. During the course of the Hearing, Village Management Group, Inc. (“Village Management”) raised an objection to approval of the Auction, and further presented, on the record, an offer for the Real Estate that exceeded the bid by Mr. Guttman.

5. On October 23, 2009, on information and belief, the Court held a telephone conference call with parties who appeared at the Hearing (except for the Authority), and the Court indicated that it would stay entry of an order authorizing the sale for the period of one week to provide the Official Committee of Unsecured Creditors (the “Committee”) with an opportunity to request the Auction be reopened.

6. The Authority has received information, much of which is unverified, with respect to Guttman, Village Management Group, Inc., and certain other bidders. In light of this information, the Authority believes that it may be appropriate to reopen the Auction.

WHEREFORE, the Authority requests that the Court reopen the Auction and grant such other relief as the Court deems just and necessary.

Dated: New York, New York  
October 30, 2009

Respectfully submitted,  
WINSTON & STRAWN LLP

By:/s/ David Neier  
David Neier (DN 5391)  
Robert Boudreau (RB 1021)  
200 Park Avenue  
New York, NY 10166-4193  
Telephone No.: (212) 294-6700  
Facsimile No.: (212) 294-4700

*Attorneys for The Dormitory Authority of the State of New York*